MR. ROYALL ON STATE BANKS.

A Powerful Argument in Behalf of the Repeal of the Ten Per Cent

BEFORE THE HOUR COMMITTEE.

Some Startling Information Concerning In Reference to the Great Deficiency in the South of a Sufficient Banking Capital for Business,

Mr. William L. Royall's argument be fore the Rouse Banking and Currency in Washington Saturday ed on his splended exposition of the quistion, and Chairman J. H. Waiser pronounced it one of the most heipful arguments the committee had ever

Mr. Royall spoke as follows: " Mr. Chairman and Gentlemen of the Com

he following shows the bankons arecs of the seven cities of importance arecs of the seven cities of importance are formal banks are form the record hank law, as taken from the record of dollars of bank notes that our could hank law, as taken from the record of the Comptfoler of the Currency banks put out in 1800, being at a slight discount outside of Virginia (they were a discount of only one-quarter of one

Virginia Logislature, 1839-20, People

Fources, amounting to SNLIM. See Doc, It Virginia Logishaure, 159-20. People Mying in it could all get banking accommodations then, but they have absolutely more row. I exclude Lynchburg in this statement, because it finures in the cities. Nor can a countryman not any banking accommodations of any sort. The national banks are concentrates all the banks in the cities and their managers do not know the farmers. A farmer applies to a national bank for a lean and is told that the bank has no money. This means that the president don't know the farmer; and though he may have larne means he can horrow nothing there. I will relate an instance that came within my own knowledge. Soveral years back when I was conduction the litination for Virginia's creditors over her tax-receivable coupons the transurer of Taxewell county and his sureties, who were citizens of Taxewell county, applied to me to get them the concetuality to pay what the freasurer, who was in default, owed the State. He owel about 50-000. Taxewell county is one of the most fertile blue-grass-grazing resion in the world. The treasurer's sure-

tile blue-grass-grasing region in the world. The treasurer's sure-ties owned a grast deal of this grazing land and many horses entitle and sheep. They were represented to me and were worth more than \$20,000. \$15.

and were worth more than \$20.00. Itsblowers necessary to but the coupons
with which to pay the builday but there
was no such sum of more in all Tazewell county if it had been reased with
a rake. They all made a self-note; and
I tried to raise \$13.000 on be in the city
of Hichmond, but no barrier would even
entertain the proposition. They had no
money—that is, they did not know the
Tazewell county farmers. If Taxewell
county had been allowed her local banks,
whose managers knew these men, they
round have gotten the money without

An examination of the condition of the property of the Parmer's bank of Virginia:

If Hischiburg, for 13.9 as it is shown in the document referred to bright of the same and it had not out its notes; and the document referred to bright of the same and it had not out its notes; and the document referred to bright of the same and it had not out its notes; and the would continue to issue their notes and that these would be the only paper currency that the country would have. And it had out out its notes and that put out its notes. See an account of these banks in the Schale Ex. Doc., already referred and had a capital of \$60,000, it had out the same and it had put out its notes. See an account of these banks in the Schale Ex. Doc., already referred to page 22. In Histoce against the bank, the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the finances of the country would have. And in his celebrated report upon the fina

borrowed \$227,000 of these resources—that is, the loans had been made in the bank's notes; the farmers took the notes and carried them in their peckets out into the country; instead of making deposits they paid them out to their neighbors, and the notes circulated around there just as well as the best gold dollars that

The pane of 1857 found the banks of the State of Virginia even more extended than they were in 1868, but, though they suspended specie payments for a while,

VIRGINIA OF THE PRESENT.

incitionisms that is worth anything has srown up under the extremeles of necessity through the principles of evolution. Herical Spencer has reasoned out the case of banking, as one that must srow up under these principles, in that masterly essay upon "State Tamperings with Money and Banks," and he declares that "from the first banking legislation has been an organized injustice." Mr. Euckle also well remarks in his work on while the rest invertigat work on

material growth, and it wit not be consistent of the law-maker.

The truth is, the world's entire experience with banking has been very limited. The experience of most of the world is of little value. That of Empland and the United States furnishes most of what is worth studying, flanking in Emgland. the principles of evolution, cramped and distorted by statute law. To a certain extent, evolution has produced admirable results there. They have country banks a very surprising statement. In the early stages of our colonial life, we tried the stages of our colonial life, we tried the remail experiment of distressed nations without funnical experience, and we lessed Government paper money with the usual disastrous results. But just before the revolution, hard and hitter experience had begun to teach us the lessons of true finance. We had begun to establish State banks, with authority for them to issue circulating notes, and they had actually commenced their issue to the greatest satisfaction of the propole. the greatest satisfaction of the people. The Bank of North America had been chartered by the State of Pennsylvania,

only \$7,042. There were banking resources of more than \$250,000 and only \$5,000 of deposits. When we look upon the other side we find the farmers had operation. There they were then the State banks in full force and operation when the delegates assembled to frame the Constitution of the United States, deing a full business and issuing their notes to the greatest satisfaction of the

Now, whoever will study the history of the period will see that when the framers of the Constitution put that matchless instrument together, they intended that this should be a Givernment with coin the seles menes of the country, and State Lenks to lesse paper currency, and as the only agency that should have authority to lesse paper currency. We learn this in the following way:

this in the following way:
LIMITED POWERS.

The Constitution gives the Government of the United States authority to coin money and regulate the value thereof, and it stops at that point. A Government of limited powers can, of course, have no authority to do more than what it is excreasly authorical to do, or what is receivant to make its granted to work effectual. Now, no power is any-

emit bills on the credit of the United

sary, if they have not, will be unjust and useless." Pierce Butler, or South Carolina, seconded the motion of tioverneur Morris. He was urgent to withhold from the Government of the United States power to issue paper currency.

Madison interceed. "Will track to

Madison Interposed: legal tender?" Gorham, in reply to Madison, said: "No accompanying pro-hibition was sufficient to make it safe to grant to the Legislature of the United States the power to emit bils of creuit." He spoke absolutely for "striking the words out, saying: "If the words

AS TO PAPER MONEY.

There is much more contemporary exposition of the subject, most of which will be found in George Bancroft's "a Plea for the Constitution," where tel has considered this subject, and, as we all know, it has beid, in spice of all this, that the Government was given power by been before the Court. And the Court it places its ruling. When it first heat that such power was given to the Gov-ertment, it was in passing upon the validity of the greenbacks issued during the war. It was unable to point to any provision of the Constitution authorizing that it was a part of the war power. that it was a part of the war cover-congress has power to make war, and the Court said it must have power to issue legal-tender notes to make war effectually. But after a while a case came before it which involved the Gov-ernment's right to issue legal-sender notes in time of peace, and the Court said that all of the old Governments of Europe had the power to issue legalto the governments in existence when the Constitution was adopted. This was the case of Juillard vs. Greenman, lieth U. S. R., 41t. This was most novel and most stariling doctrine that would have made old James Madison and John Marshall turn in their graves if they could have understood that it was being proclaimed in high places here. They always understood that our Government was one of limited powers, and that it as authority for whitever it wished to do. The doctrine was war doctrine, and nothing else. It does not belong to our Constitution, and the sooner we all agree to turn our backs upon it, the better it will be for the country. And the Court fell into a most astonishing error when it said that the power of issuing legal-tender paper was univerissuing legal-tender paper was univer-sally understood as belonging to sover-eignity in Europe when our Constitution was adopted. I have not time to go over this now, but it would be easy to show that what I say is true. The case, then, stood thus when the Constitution came from the bands of its framers: The Government of the United States could issue, no, paper

tis framers: The Government of the United States could issue no, paper money, as they understood it; the States were expressly forbidden to issue buts of credit; State banks of issue were in operation when the Constitution was framed; yet it said not one word in

the State banks would continue to issue their notes. Surely Hamilton knew, as well as any man, what the framers of the Constitution had in their minds. That was the idea of the Constitution. The money of the people-coin-was to The money of the people-coin-wax to come from the General Governer and that there is a come from the General Governer and that the come from the General Governer and that the come from the State banks. And that remained the deax of the whole country until the necessities of the war caused points, to get it aside here, it wanted to sell its bonds to the national banks, and, so it imposed a tax of 19 per cent. The composition of the subset of the State banks. The certificationality of this act came before the Supreme Court, in Veazle, Bank, vs. Feno, 8 Wall, E, when a divided Court an necessities of the State banks. The certificationality of this act came before the Supreme Court, in Veazle, Bank, vs. Feno, 8 Wall, E, when a divided Court an necessary of the common of the commo tion a general superintendence over all paper bases that are to serve the peo-ple as currency. Another case of the rankest war occurrence. The Court could refer to no provision of the con-intenion that gives this authority to the Govern ment. It (the Court) gives the power to the Government itself, for there is

of credit" Governeur Morris moved to strike out the grant of power, "to emit bills upon the credit of the United States," saying: "If the United States have credit, such bills will be unnecess-State banks had a full opportunity to

his neighborhood and paid it out to his neighborhood and paid it our unterface amongst them indefinitely, answering all the purposes of money, and siving them all the media of exchange that they needed. General Fradley T. Johnson, who has recently been in Cuba, tells me a gentleman there named Sanchez owns a plantation one hundred miles square, on which many thousands of the people live. He coins all the money used on this domain. He keeps a deposit of United States bonds in New York, on which he horrows all the gold necessary to redeem his colunge with, and, that being so, his colunge circulates amongst the people on his colunters, and is as good money for their purposes as the best. It will not pass outside the limits of his domain, as our gold coin will not pass in Europe, but it is na good as the best within these limits. That contains the idea of a true banking system.

limits. That contains the idea of a true banking system.

And with a system of State hank currency, it is to be noted that a parke would be confined, to a large extent to one locality. What would excite distrust of Virginia bank notes might not be noticed in Maryland, and mere suspension of in Maryland, and mere suspension of payments by banks do not necessarily mean wreck and ruin, if the people know the banks to be solvent in fact. We saw universal suspension in 1822 yet the banks were entirely unburt by it. There could be no more wild-cat State banks. We have no more "boom" territory. All our States are now old and concervative communities, that have old and well-established banks. The moment a note from a wild-cat bank was offered for

established banks. The moment a note from a wild-est bank was offered for deposit at one of our old banks, it would be thrown out, and that would be the end of that wild-est bank.

AN IMPORTANT QUESTION.

In a speech delivered in the House of Representatives on May 31, 1891 by the honorable chairman of this committee (Hon. J. H. Walker), he said that in 1857 he paid 10 per cent, for the transmission of money from Boston to Illinois, Those were days when Illinois banks.

for communiciding intelligence and sup-plying the demands of travel and traffic. exchange will always be payable in coin.
If a debtor locality has no exchange against its creditor locality, the individual in the debtor locality takes the notes of the bank to it, and demands gold for them, and he ships that Ealtimore would never allow Richmond to send her Virginia bank-notes. She would require largland notes or coin.

This great fact of balances being set-

This great fact of balances being settled by exchange is the important one that has been everlooked in all the financial discussions we have had. Yet it is the key to the case, all interstate common less than a case of long-made inwhite manufactured out of the necessities forced upon the Government by the pressure and exactions of the war. That is the long and the short of the matter,

with the notes of the English country banks, or with Mr. Sanchez's coinage.

Again, notes secured by government credit will never do for the country people, however many of them even their own banks may besue. These, though issued in a back-woods mountain district, are as good in New York or Chicago as any others, and while this is so all of them will certainly go there. The banks are on one side of the street, the cachanges upon the other. The banks hid for all the currency that is good all over the Union, and the speculators borrow it from them to speculate with in the exchanges. The thing is automatic. As the banks get money, the speculators increase, and as the speculators increase, the banks bid for more money for them. They will draw from the country districts

money. These speculative credits swell out to any amount whatever and they will call for all the money and currency, good all over the Union, that may be ised to stand as the reserve redemption coney required. CAUSE OF THE UPHEAVAL.

What the people need, and what they have a natural and constitutional right tional banks with the State banks of circulation. The injustice, if it exists, is bory of the other way. An attend banks of circulation. The injustice, if it exists, is the other way. An attend banks of the other way has 37 national banks with the other way has 37 national banks with the other way has 38 national banks of the Wostern States gave State banks as a bad name, because men consounded State banks as the damage, because men consounded State banks with Western States as they please without interference buths as a bad name, because men consounded State banks with Western States as they please without interference with the constraince banks. It must never be forgotten that the influence of the country in the properties of the state, the farmers refusing to make 2.16 887 (1971 885) and abundant currency for all the people wild its machiners are state, and the respectable part of the state, the farmers refusing to make 2.16 887 (1971 885) and all of the country in their peckets; they farmished and country in their peckets; they farmished for nom. I cannot consume the time of the country in their peckets; they farmished for nom. I cannot consume the time of the country in their peckets; they farmished for nom. I cannot consume the time of the country in their peckets; they farmished for nom. I cannot consume the time of the country in their peckets; they farmished for nom. I cannot consume the time of the country in their peckets; they farmished for nom. I cannot consume the time of the country in their peckets; they farmished for nom. I cannot consume the time of the country in their peckets; they farmished for nom. I cannot consume the time of the country in their peckets; they farmished for nom. I cannot consume the time of the country in their peckets; they farmished for nom. I cannot consume the time of the country in their peckets; they farmished for nom. I cannot consume the time of the country in the country around it proves that the country proper banking appear and the country around it proves the

people are without any media of exchance and that fair was at the bottom of the productors upheaval we have just seen. I can speak with confidence of Virginia, and it was certainly so there. The country's trouble is not ended. No impression has been made upon it. At least, this is certainly so in my State. It will never be saided until the country people are treated with fairness and justice, and relieved from the discrimination now operating against them. The inconvenience which the people of the East and middle West fear from notes at a discount, would really be very trifling for in this day of electricity and steam a note that was at a discount would be instantly sent scurrying to the State of its home. The question then which that part of the country that is satisfied with the national bank system has before it, is this Will if submit to the slight inconvenience of notes at a discount and restore peace and quiet to the whole coungravest consideration.
I thank you for the attention you have

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